

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Bamberg County Memorial Hospital,

Debtor.

Case No.
Chapter 9

**DECLARATION OF DANETTE F.
MCALHANEY**

I, the undersigned Danette F. McAlhaney, being duly sworn, depose and state on oath as follows:

1. I am the Chairperson of the Board of Directors (the "Board") of Bamberg County Memorial Hospital ("Debtor"). In my capacity as Chairperson of the Board, I am personally familiar with the operations of the Debtor and its financial condition.
2. The Debtor was created in 1949 by act of the South Carolina Legislature to provide hospital facilities to the residents of Bamberg County (the "County").
3. By Ordinance No. 1-85-2 adopted March 4, 1985, the County declared that the Board should consist of 10 members, and provided the Board with the authority and responsibility to make all rules and regulations for the operation and management of the Debtor. Appointments on the Board are made by Bamberg County Council, with seven individual representatives being recommended by the Board and the three at large representatives being recommended by the Bamberg County Medical Association. Once approved, a nominee is certified to the Governor of South Carolina.
4. The Debtor operates as a hospital located in the city of Bamberg, SC on 509 North Street a short distance from US Highway 301. Debtor is licensed for 59 beds but currently operates 25 beds with both private and semi-private rooms. The average daily census of Debtor

is 14 patients. Debtor was constructed in 1952 and had 32 beds. Over the years beds and services were added with the final addition bringing the total to 59 beds in 1982. In 2009, Debtor's building was renovated. The hospital has 1 operating room, 2 endoscopy rooms, and 1 procedure room along with 2 LDR rooms located in close proximity to the operating suite. The property on which the facilities exist and the physical facilities are owned by the County. The Debtor provides general medical and surgical care in inpatient, outpatient, and emergency room service areas. The Debtor has 11 physicians on active medical staff and 9 are Board Certified.

5. Year-to-date, for the six months ending March, 2011, net revenue of the Debtor was \$7,654,007. This level of revenue is \$2,249,139 less than the budget of \$9,903,146 and \$2,658,675 less than the same period of time last year. Accordingly, year to date, for the six months ending March, 2011, the Debtor has operated at a loss of \$1,525,197.

6. The Debtor does not have any outstanding bonds or bond obligations. The debts of the Debtor consist of ordinary course of business notes with financial institutions and unsecured trade debt.

7. The Debtor has been able to stay in business only because the County has provided funding to the Debtor. The Debtor has been informed by the County that the County does not have the ability or intent to continue funding the operating losses of the Debtor in the future. Even with the County providing supplemental funding, the Debtor has struggled to pay its debts in the ordinary course of business.

8. On or about May 20, 2011, the South Carolina Department of Revenue served a notice of levy on SC Bank & Trust to seize the bank accounts of the Debtor which resulted in a freeze of approximately \$205,000.00. As a result of the account freeze on these funds, the Debtor's ability to operate has been significantly impaired.

WITNESS my hand this 17 day of June, 2011, at Bamberg, South Carolina.

Danette F. McAlhaney
Danette F. McAlhaney

Sworn to and subscribed before me this 17 day
of June 2011.

Danette F. McAlhaney
Notary Public, State of South Carolina
My commission expires 10/28/19.